

## Message Text

SECRET

PAGE 01 STATE 147289

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ORIGIN SS-30

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DRAFTED BY EB/ORF/FSE-SWBOSWORTH:NEA/ARP-BWRAMPMEIER/SKG

APPROVED BY THE ACTING SECRETARY

EB-JL KATZ

S/S-MR LUERS

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NEA-ALATHERTONJR

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT IMMEDIATE

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

USMISSION OECD PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

S E C R E T STATE 147289

EXDIS

E.O.11652: GDS

TAGS: ENRG, SA

SUBJECT: YAMANI VIEWS ON OPEC AND PRODUCTION EXPANSION

PROSPECTS

SECRET

SECRET

PAGE 02 STATE 147289

REF: JIDDA 3802

1. YOU SHOULD TELL YAMANI THAT WE VERY MUCH APPRECIATE RECEIVING HIS ASSESSMENTS OF CURRENT STATE OF PLAY WITHIN OPEC. YOU SHOULD EMPHASIZE TO HIM THAT WE ARE VERY SENSITIVE TO HIS CONCERN OVER HIS BECOMING ISOLATED WITHIN OPEC. IN THIS REGARD, WE APPRECIATE GREATLY WHAT SAUDI ARABIA IS DOING TO HELP BRING ABOUT A GENERAL MOVEMENT TOWARD LOWER PRICES. BUT WE AND OTHER MAJOR CONSUMERS HAVE BEEN MAKING AND WILL CONTINUE TO MAKE OUR VIEWS ON PRICES KNOWN TO OTHER OPEC MEMBERS.

2. IN THIS CONNECTION, WE ARE NOW MAKING OR PLAN TO MAKE DEMARCHES TO OTHER OPEC COUNTRIES TO SEEK AVOIDANCE OF NEW PRICE INCREASES. OTHER MAJOR CONSUMERS HAVE MADE SIMILAR APPROACHES TO OPEC MEMBERS ON THE PRICE ISSUE. WE WILL CONTINUE TO MAKE OUR VIEWS KNOWN STRONGLY ON THIS SUBJECT ON APPROPRIATE OCCASIONS.

3. WE COMPLETELY AGREE WITH YAMANI THAT PRODUCTION INCREASES OFFER THE BEST WAY TO BRING PRICES DOWN. WE VIEW THE SAUDI POSITION ON THIS AS BOTH SOUND AND STATESMANLIKE, AS WELL AS BEING IN THE LONG-TERM INTEREST OF BOTH THE PRODUCING AND THE CONSUMING COUNTRIES. IN THIS REGARD, WE REACTED VERY POSITIVELY TO YAMANI'S AUCTION PROPOSAL, PARTICULARLY IF MUCH OF THE OIL OFFERED AT AUCTION CAME FROM NEW PRODUCTION. WE WOULD APPRECIATE KNOWING YAMANI'S LATEST PLANS ON THE AUCTION.

4. RE SUGGESTION FROM YAMANI THAT A SMALL AMERICAN-EUROPEAN DELEGATION VISIT SAUDI ARABIA IN SEPTEMBER FOR INFORMAL DISCUSSIONS ON MEANS OF REDUCING OPEC PRICES, IT IS NOT CLEAR FROM YOUR MESSAGE WHETHER YAMANI HAS RECENTLY SUGGESTED THIS. IF YAMANI WISHES TO PROCEED, WITHOUT TAKING POSITION AT THIS POINT ONE WAY OR OTHER, WE WOULD BE INTERESTED IN KNOWING WHAT EUROPEAN COUNTRIES HE BELIEVES MIGHT BE INCLUDED AS WELL AS WHAT SPECIFIC QUESTIONS WE MIGHT DISCUSS. IN PARTICULAR, WE WOULD APPRECIATE KNOWING WHETHER HE WOULD VIEW SUCH DISCUSSIONS AS ESSENTIALLY A PREPARATORY MEETING FOR A SUBSEQUENT  
SECRET

SECRET

PAGE 03 STATE 147289

MINI-PRODUCER-CONSUMER CONFERENCE ALONG THE LINES OF HIS EARLIER PROPOSAL. IF SO, IS HE NOW OPTIMISTIC THAT ONE OR MORE OF THE OTHER MAJOR PRODUCERS (INCLUDING IRAN) WOULD PARTICIPATE IN THE MINI-CONFERENCE?

5. RE YAMANI'S COMPLAINT ABOUT LEAKS, FOR YOUR OWN BACKGROUND, YOU SHOULD KNOW THAT THE ARTICLES HE REFERS TO APPEARED BOTH IN THE NEW YORK TIMES AND WASHINGTON POST.

YAMANI SPOKE TO A NUMBER OF PEOPLE IN THE PRIVATE  
SECTOR IN NEW YORK. IN ADDITION, YAMANI WAS PASSENGER  
ABOARD COMPANY EXECUTIVE JET FROM QUITO TO NEW YORK WITH  
JUAN DE ONIS, WHOSE JUNE 19 STORY IN NEW YORK TIMES  
APPEARED GIVE ACCURATE ACCOUNT OF YAMANI'S VIEWS AND  
WAS PUBLISHED DAY BEFORE YAMANI'S WASHINGTON TALKS.  
WHILE WE CANNOT OBVIOUSLY MAKE ANY DEFINITE JUDGMENT,  
OUR BEST GUESS IS THAT THESE WERE SOURCES OF LEAKS,  
NOT U.S. GOVERNMENT SOURCES. SISCO

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